

GMB@SCHOOLS

GMB Pensions - deferred pay matters



YOUR UNION IN SCHOOLS

Local Government Pension Scheme

Holding Back the Years?

Simply read it might look like you have missing years from your pension statement if you work part-time or term-time only. If you are a term-time only or part-time worker you might have been in the Local Government pension scheme for 20 years but your pension statement will often show a shorter length of service than this, but why?

This is all down to how the pension was calculated under the final salary arrangement to make sure part-time and term-time workers weren't penalised.

If we take an example member called Mick who worked full-time on £20,000 per year for 3 years and 2 ½ days a week part time for 3 years under the final salary arrangements.

His Pension Statement will show that he has 4 ½ years' service on a final salary of £20,000 ($£20,000 / 60 \times 4.5$) = a pension of £1500. So for working out his pension they use the full-time wage but say as he is working exactly half the time of the full-time equivalent that he builds up six months pension service for every year he works.

If it is worked out as 6 whole years of service then they would have to use his actual salary to work out his pension which doesn't have an effect on his last 3 years but does on the first 3 years!
6 years' service on a final salary of £10,000 ($£10,000 / 60 \times 6$) = £1000

So although it might look like you have lost years from your pension if you are part-time of term-time only this is the fairest way of working out your pension to make sure you don't lose out.

Now we have moved to Career Average each year your pension is based on the actual pay that year, meaning someone starting after April 2014 won't ever have to try to understand what is written above!

Pension Boards

Last year each pension fund had to put together a pension board to oversee how your pension money was being looked after. We are trying to make sure all our records are up to date so please get in touch (pensionsdept@gmb.org.uk) if you are a pension board member for your fund.

Remember your pension is your deferred wages

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